



# TOWN OF AVON



60 West Main Street Avon, CT 06001-3743

## BUDGET MESSAGE

TO THE CITIZENS AND TAXPAYERS

JULY 1, 2013

The adopted fiscal year 2013/2014 Town, Board of Education, Sewer, Capital and Debt Service Budgets are submitted for your review. The adopted budget totals \$81,760,417. This equates to an increase of \$3,030,624, or 3.85%, when compared to the current year operating budget of \$78,729,793. This budget requires a tax increase of 2.60%. The mill rate will increase from 25.65 to 26.32.

The total approved, non-education budget, which includes the Town, Sewer, Capital and Debt Service Budgets is \$28,931,431. This equates to a \$796,738, or 2.83%, increase over the current year budget of \$28,134,693. The increase to the Town operating budget, not including Sewers, Capital and Debt Service budgets is 3.93%, or \$788,379. During the budget process, the Town Manager and Town Council reduced operating requests from Town Agencies and Departments by more than \$1.55 million.

The largest budget drivers this year are:

- |   |              |
|---|--------------|
| • Increase in Capital Improvement Program                   | \$640,514*   |
| • Increase in Defined Benefit Pension Contribution          | \$298,703**  |
| • Increase in OPEB/Retiree Health Care Funding              | \$244,098*** |
| • Increase in Wages and Salaries                            | \$155,930    |
| • Increase in Various Contractual Services                  | \$ 89,600    |
| • Increase in Health Insurance Funding for Active Employees | \$ 74,344    |
| • Increase in Defined Contribution Funding                  | \$ 45,323    |

\* Offset by a reduction in the Debt Service line item

\*\* Offset, in part, by a drawdown of \$120,000 Pension Designation

\*\*\* Offset, in part, by a drawdown of \$100,000 OPEB Designation

We are anticipating revenue declines in certain areas. The largest anticipated declines are as follows:

- |   |           |
|---|-----------|
| • Reduction in School Building Construction | \$ 68,070 |
| • Reduction in BOE TEAM Program             | \$ 35,250 |
| • Reduction in Town Aid Road                | \$ 12,645 |
| • Reduction in Landfill Fees                | \$ 11,000 |
| • Reduction in Recreation Fees              | \$ 9,960  |
| • Reduction in Police Special Services      | \$ 9,901  |

Specific and anticipated actions taken to mitigate the impact of the Town budget on the potential tax rate for fiscal year 2013/2014 include:

- Phased in approach to filling vacant positions
- No increase in Services & Supplies budgets, except where necessary to maintain current operations and obligations

## COMPARATIVE ANALYSIS: FY 2012/2013 AND FY 2013/2014 BUDGETS ALL FUNDS

### REVENUES

CLASSIFICATION	APPROPRIATED FY 2012/2013	ADOPTED FY 2013/2014	\$ INC/(DEC)	% INC/-DEC
Property Tax & Assessments	\$ 68,507,726	\$ 70,865,797	\$ 2,358,071	3.44%
State & Federal Grants	3,925,800	4,581,904	656,104	16.71%
Licenses, Fees & Permits	935,905	995,755	59,850	6.39%
Charges for Current Services	4,461,898	4,873,808	411,910	9.23%
Other Local Revenues	441,952	443,153	1,201	0.27%
Other Financing Sources (Uses)	456,512		(456,512)	-100.00%
<b>TOTAL</b>	<b><u>\$ 78,729,793</u></b>	<b><u>\$ 81,760,417</u></b>	<b><u>\$ 3,030,624</u></b>	<b><u>3.85%</u></b>

### EXPENDITURES

CLASSIFICATION	APPROPRIATED FY 2012/2013	ADOPTED FY 2013/2014	\$ INC/(DEC)	% INC/-DEC
Town Operating Budget	\$ 20,063,046	\$ 20,851,925	\$ 788,879	3.93%
School Operating Budget	50,595,100	52,828,986	2,233,886	4.42%
Sewer Operating Budget	1,752,526	1,807,419	54,893	3.13%
Capital & Debt Service Budgets:				
Debt Service	4,546,338	3,858,790	(687,548)	-15.12%
Capital Budget	1,772,783	2,413,297*	640,514	36.13%
Subtotal: Capital & Debt Service	6,319,121	6,272,087	(47,034)	-0.74%
<b>TOTAL</b>	<b><u>\$ 78,729,793</u></b>	<b><u>\$ 81,760,417</u></b>	<b><u>\$ 3,030,624</u></b>	<b><u>3.85%</u></b>

\* Includes \$200,000 in Sewer Projects paid by Sewer Fund.

## SHORT AND LONG TERM PROGRAMMATIC GOALS

The adopted fiscal year 2013/2014 Budget reflects the stated **mission** of the Town Council and Board of Finance **to provide quality town services at a reasonable cost to citizens and taxpayers**. The mission and goals are reviewed each year as part of the budget process. Short and long-term programmatic goals are discussed below. A comprehensive ranking of Avon's revenues, expenditures and other economic data as it compares to Connecticut's other 169 local governments was last provided in fiscal year 2009/2010. Unfortunately, the data sources for this information are no longer being compiled and published. Accordingly, this information is no longer included in the budget document. Towns and Cities which are demographically similar and geographically near Avon are listed on A. 29.

TOWN OF AVON ANNUAL BUDGET  
FISCAL YEAR 2013/2014  
ADOPTED MAY 15, 2013

	FY 11/12 ACTUAL	FY 12/13 ADOPTED BUDGET	FY 13/14 GENERAL FUND	FY 13/14 SPECIAL REV. & OTHER FUNDS	FY 13/14 ADOPTED BUDGET	DIFFERENCE	% CHANGE	% BY SUBTOTAL	BUDGET BY TOTAL
<b>REVENUES</b>									
Property Tax & Assessments	66,702,789	68,507,726	70,805,797	60,000	70,865,797	2,358,071	3.44%	86.67%	86.67%
Intergovernmental	7,407,818	3,925,800	3,188,613	1,393,291	4,581,904	656,104	16.71%	5.60%	5.60%
Licenses, Fees, & Permits	1,158,101	935,905	983,605	12,150	995,755	59,850	6.39%	1.22%	1.22%
Charges for Current Services	4,399,107	4,461,898	1,295,810	3,577,998	4,873,808	411,910	9.23%	5.96%	5.96%
Other Local Revenues	1,058,129	441,952	418,053	25,100	443,153	1,201	0.27%	0.54%	0.54%
Other Financing Sources (Uses)	525,370	456,512				(456,512)	-100.00%		
<b>TOTAL REVENUES</b>	<b>81,251,314</b>	<b>78,729,793</b>	<b>76,691,878</b>	<b>5,068,539</b>	<b>81,760,417</b>	<b>3,030,624</b>	<b>3.85%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>EXPENDITURES</b>									
<b>TOWN</b>									
General Government	5,227,498	2,907,271	2,956,546		2,956,546	49,275	1.69%	14.18%	3.62%
Public Safety	8,606,333	8,769,877	8,866,373	56,807	8,923,180	153,303	1.75%	42.79%	10.91%
Public Works	6,656,655	4,392,568	4,863,960	113,809	4,977,769	585,201	13.32%	23.87%	6.09%
Health & Social Services	434,437	435,854	461,755		461,755	25,901	5.94%	2.21%	0.56%
Recreation & Parks	1,191,785	1,232,043	861,224	333,807	1,195,031	(37,012)	-3.00%	5.73%	1.46%
Education - Culture	1,392,322	1,411,227	1,420,426		1,420,426	9,199	0.65%	6.81%	1.74%
Conservation & Development	550,396	577,030	600,860		600,860	23,830	4.13%	2.88%	0.73%
Miscellaneous	339,455	337,176	316,358		316,358	(20,818)	-6.17%	1.52%	0.39%
<b>TOTAL TOWN</b>	<b>24,398,881</b>	<b>20,063,046</b>	<b>20,347,502</b>	<b>504,423</b>	<b>20,851,925</b>	<b>788,879</b>	<b>3.93%</b>	<b>100.00%</b>	<b>25.50%</b>
<b>BOARD OF EDUCATION</b>									
Salaries	30,070,828	31,843,873	33,068,813		33,068,813	1,224,940	3.85%	62.60%	40.45%
Employee Benefits	6,987,457	7,314,548	7,961,006		7,961,006	646,458	8.84%	15.07%	9.74%
Purchased Prf & Tech Services	602,670	850,067	831,715		831,715	(18,352)	-2.16%	1.57%	1.02%
Property Services	692,260	729,110	763,538		763,538	34,428	4.72%	1.45%	0.93%
Other Purchased Services	5,075,874	4,877,094	4,940,141		4,940,141	63,047	1.29%	9.35%	6.04%
General Supplies & Utilities	2,503,089	2,450,607	2,498,064		2,498,064	47,457	1.94%	4.73%	3.06%
Equipment	743,486	328,382	244,053		244,053	(84,329)	-25.68%	0.46%	0.30%
Fees & Memberships	58,713	70,002	58,756		58,756	(11,246)	-16.07%	0.11%	0.07%
Cafeteria Operation	1,334,647	1,323,683		1,370,715	1,370,715	47,032	3.55%	2.59%	1.68%
Facility Use	26,754	54,000		54,000	54,000			0.10%	0.07%
Prepaid State & Fed. Grants	897,692	753,734		1,038,185	1,038,185	284,451	37.74%	1.97%	1.27%
Athletic Program	299,350								
<b>TOTAL BOARD OF EDUCATION</b>	<b>49,292,820</b>	<b>50,595,100</b>	<b>50,366,086</b>	<b>2,462,900</b>	<b>52,828,986</b>	<b>2,233,886</b>	<b>4.42%</b>	<b>100.00%</b>	<b>64.61%</b>
<b>SEWERS</b>									
Operating Expense	1,531,921	1,752,526	-	1,807,419	1,807,419	54,893	3.13%	100.00%	2.21%
<b>TOTAL SEWERS</b>	<b>1,531,921</b>	<b>1,752,526</b>	<b>-</b>	<b>1,807,419</b>	<b>1,807,419</b>	<b>54,893</b>	<b>3.13%</b>	<b>100.00%</b>	<b>2.21%</b>
<b>DEBT SERVICE</b>									
Bonds	4,808,189	4,546,338	3,858,790	-	3,858,790	(687,548)	-15.12%	100.00%	4.72%
Notes									
<b>TOTAL DEBT SERVICE</b>	<b>4,808,189</b>	<b>4,546,338</b>	<b>3,858,790</b>	<b>-</b>	<b>3,858,790</b>	<b>(687,548)</b>	<b>-15.12%</b>	<b>100.00%</b>	<b>4.72%</b>
<b>OTHER FINANCING USES</b>									
Capital Improvements									
Facilities	1,136,297	797,783	1,313,500	293,797	1,607,297	809,514	101.47%	66.60%	1.97%
Equipment	200,000	900,000	506,000	-	506,000	(394,000)	-43.78%	20.97%	0.62%
C.N.R.E.F.	80,560	75,000	300,000	-	300,000	225,000	300.00%	12.43%	0.37%
<b>CAPITAL IMPROVEMENT PROGRAM</b>	<b>1,416,857</b>	<b>1,772,783</b>	<b>2,119,500</b>	<b>293,797</b>	<b>2,413,297</b>	<b>640,514</b>	<b>36.13%</b>	<b>100.00%</b>	<b>2.95%</b>
<b>TOTAL EXPENDITURES</b>	<b>81,448,668</b>	<b>78,729,793</b>	<b>76,691,878</b>	<b>5,068,539</b>	<b>81,760,417</b>	<b>3,030,624</b>	<b>3.85%</b>	<b>100.00%</b>	<b>100.00%</b>

## **LONG-TERM PROGRAMMATIC GOALS**

### **MISSION**

**Provide quality town services at a reasonable cost to all citizens and taxpayers.**

### **Long Term Goals**

- a. Provide continuity in planning and development by: using an approach toward guiding growth as it naturally occurs, rather than artificially blocking or stimulating development;**
- b. Ensure long-term fiscal stability and programmatic effectiveness by providing professional management of the Town's programs and finances resulting in effective and efficient delivery of quality Town services at a low tax rate;**
- c. Provide a quality educational system with a caring and supportive learning environment by ensuring both high faculty standards and superior educational facilities, resulting in well-prepared students capable of successfully entering the nation's most competitive colleges and universities as well as competing in today's increasingly sophisticated world;**
- d. Provide a safe, secure and pleasing environment where people can live, work and play in harmony with their surroundings.**

In June 2011, for the second straight year, Hartford Magazine rated Avon the "best" Town in the Hartford Region in the population category of 15,000 to 30,000. In the same issue, Avon was also named the best overall Town in the Capitol Region, which consists of 30 municipalities. In June 2011, Newsweek reported that Avon High School ranked as the 281<sup>st</sup> best high school in the United States, and was one of five Connecticut high schools ranked in the Top 300.

In 2009, Connecticut Magazine rated Avon fourth statewide in its "Rating the Towns" article. Avon was the highest ranked town in Hartford County. In 1999, 2000, and again in 2004, Connecticut Magazine rated Avon the second best Town in Connecticut (in the 15,000 to 25,000 population category).

A comprehensive impartial town-wide survey of Avon residents professionally administered in 2004 by the University of Connecticut Center for Survey Research and Analysis found that 99% of residents rank Avon's quality of life as good or excellent. A follow-up study of Avon Businesses conducted in 2005 in conjunction with the Avon Chamber of Commerce by the same center found that 89% of Avon businesses found Avon a good or excellent place to do business.

The adopted fiscal year 2013/2014 budget includes the following short-term financial goals and budget assumptions:

#### **I. Fiscal Year 2013/2014 Operating Budget**

##### **a. Revenues: (For Details See Tab B)**

1. Property Tax and Assessments: The following goals and assumptions have been made in estimating both Property Tax and Assessment Revenues for fiscal year 2013/2014:
  - Grand List Growth (assessed valuation of Real and Personal Property) will be an increase of \$20,719,570, or 0.78%;

- In fiscal year 2013/2014, Supplemental Real Estate and Supplemental Vehicle tax revenue is projected to be flat;
  - CGS Section 12-80a allows telecommunication services to elect, on an annual basis, to have their personal property assessed by the state rather than by the assessor of the town in which the property is located. OPM notifies the company the personal property tax that they must pay to the municipality. As in fiscal year 2012/2013, the anticipated revenue from this source in the adopted budget is \$100,000;
  - Assessment Appeals and Tax Refunds will approximate 1% of tax revenues;
  - Property Tax Collections will exceed 98.5% with the reserve for uncollectible at \$635,565; and
  - Sewer Assessments are expected to increase by \$5,600 in fiscal year 2013/2014.
2. Licenses, Fees and Permits: The following goals and assumptions have been made in estimating Licenses, Fees and Permits as a source of revenue for fiscal year 2013/2014; and
- Revenues from Recording and Conveyance fees is based on activity from current sales of used properties and current mortgage interest rates and includes the surcharge on conveyance fees in this revenue estimate.
3. State and Intergovernmental Grants: This category reflects a net increase of \$656,104 or 16.71% as compared to the prior year, due primarily to Board of Education grant activity where the formulary is based on enrollment numbers for Choice students (increase of \$271,188) and exceeding a threshold that entitles an additional percentage reimbursement to the school district (SHEF increase of \$130,075). State Aid to the Town appears to be flat, though some shifting between revenue categories is expected. Some assumptions have been made regarding individual State Grant Payments, such as Town Aid Road (-\$12,645) and Property Tax Relief for the Elderly (-\$5,000), based upon past practice and current activity. Although Avon receives a small portion of its total revenues from state grants, reductions in these grants do impact Town services.
4. Charges for Current Services:
- Police Services special revenues are projected to decrease by \$9,901 to \$56,807 in the upcoming fiscal year, based upon anticipated Special Services activity;
  - Landfill Permit fees are anticipated to decrease by \$11,000, aligning the budget revenue closer to actual revenues generated;
  - Sewer connection special revenues are expected to increase by \$202,185 or 539.16%;
  - A decrease in revenue generated from Library Fines & Forfeits is anticipated. The Library's implementation of a system to remind users that books are due and the user's ability to renew books on line has continued to reduce fine revenue. No increase or decrease in fiscal year 2013/2014 is anticipated.

5. Other Local Revenues: Interest on Investments is budgeted at a slight decrease of \$3,255 to \$101,745 due to historically low interest rates that have been pushed down to nearly zero, reflecting the Federal Reserve Bank's action in protecting the economy.
6. Other Financing Sources: As was also the case in fiscal year 2012/2013, there is no budgeted or planned use of General Fund Unassigned Fund Balance in the adopted fiscal year 2013/2014 budget.

**b. Expenditures: (For Details see Tab C):**

1. Personal Services:

FY 10/11	FY 11/12	FY 12/13	FY 13/14
\$13,695,895	\$14,149,246	\$14,578,705	\$15,211,928

Almost 73% of the Town Operating Budget is composed of personal services wages and benefits.

- a. Wages and Salaries: The total number of full-time employees is again funded at 105 positions. Overall wages increased by \$155,930 as compared to fiscal year 2012/2013 representing a 1.72% increase. An in-depth discussion on wages and salaries can be found on page C.65.

b. Benefits:

Benefits continue to be a major part of Personal Services costs. The fiscal year 2012/2013 budget includes:

- A substantial increase (\$298,703, 9.38%), for a fifth year in a row, to the Defined Benefit Plan (closed in 1997). The interest rate has been reduced from 7.75% to 7.625%, which increases the funding requirement. Additional reductions to the interest rate assumptions will be required in the future.
- Contribution to the Town's Other Post Retirement Employment Benefit (OPEB) Fund, in conformance with GASB Statement #43 and #45 have been funded at \$500,000\* (an increase of \$125,000) over the current fiscal year.
- Defined Contribution Benefit Plan contribution increased by \$45,323 as a greater percentage of Town employees are now participating in this plan due to retirements of Defined Benefit employees.
- Hospitalization funding increased by \$74,344; however, the total impact has been mitigated by approximately twenty-seven (27) employees opting out of the Plan through the Town's Health Insurance Waiver Program.

2. Supplies and Services:

FY 10/11	FY 11/12	FY 12/13	FY 13/14
\$5,310,675	\$5,380,462	\$5,463,301	\$5,617,160

Approximately 27% of the Town Budget is spent on Supplies & Services. In order to efficiently manage the budget, the Town has contracted for private services in the past where analysis shows that this is the most effective way to provide basic services, and it

will be continued this year. This increase is driven by cost increases to janitorial services, grounds and snow maintenance, and other contractual services.

3. Capital Outlay:

<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>
\$78,490	\$22,092	\$21,040	\$22,837

Capital Outlay includes capital items of less than \$20,000 with a life expectancy of less than five (5) years. Capital Outlay represents 0.11% of the operating budget.

**II. Capital Improvement Program & Debt Service (For Details, see Tab R)**

**Capital Budget and Debt Service Expenditures  
FY 2009/2010 to FY 2013/2014**

<u>FISCAL YEARS</u>	<u>Appropriated 2009/2010</u>	<u>Appropriated 2010/2011</u>	<u>Appropriated 2011/2012</u>	<u>Appropriated 2012/2013</u>	<u>Adopted 2013/2014</u>
Debt-Service	\$5,268,497	\$5,010,181	\$4,808,189	\$4,546,338	\$3,858,790
Capital Improvement Program	\$1,377,461	\$1,167,396	\$1,416,857	\$1,772,783	\$2,413,297
<b>TOTAL</b>	<u><b>\$6,645,958</b></u>	<u><b>\$6,177,577</b></u>	<u><b>\$6,225,046</b></u>	<u><b>\$6,319,171</b></u>	<u><b>\$6,272,087</b></u>

**a. Capital Improvement Program**

Projects, programs and equipment over \$20,000 and with a life expectancy over five (5) years are included in the capital Improvement Program. The Town budget reflects a continued emphasis on “Pay-as-you-go” cash funded Capital Improvement Program. (See Tabs O & R for details).

The Town received \$5,660,808 in capital requests this year, which have been reduced by the Town Manager by \$3,876,025 in light of overall constraints on the budget. For fiscal year 2013/2014, the top six Capital Improvement Projects are: (see R. 276)

Road Improvements	\$ 600,797
Board of Education Security Upgrades	\$ 240,000
Lateral Extension Program	\$ 200,000
Fire Department Engine Replacement	\$ 200,000
1993 Michigan Loader Replacement	\$ 185,000
Avon High School ADA Compliance	\$ <u>140,000</u>
<b>TOTAL</b>	<b>\$1,565,797</b>

**b. Debt Service**

The Town Debt Service Budget (\$3,858,790) shows a decrease of \$687,548 or 15.12%. Approximately 73% of the Town’s Debt Service is committed to the Town’s support for its educational facilities, while 27% has been allocated for non-educational projects. The decline in debt service reflects the planned retirement of debt. While the Town has not been able to take advantage of the interest rate situation from a revenue standpoint, the low interest rates have been advantageous in issuing debt.

It is the Town's intent to keep its per capita debt at a level acceptable to municipal securities rating agencies and to retire its debt rapidly. This approach rewarded the Town in June 1998, with AAA/Aaa ratings from both Standard & Poor's and Moody's (the first such upgrade in Connecticut by Moody's in nineteen years). This rating was reaffirmed by both rating agencies in June 2002, Standard and Poor's in 2005, by both agencies in 2008 and 2009. In October 2012, both Moody's and Standard and Poor reaffirmed the AAA rating with a stable outlook.

## **RESERVES**

### **Use of Undesignated General Fund Balance:**

The Town's General Fund Unassigned Fund Balance for the fiscal year ending June 30, 2012 amounted to \$6,610,507 or 8.42% of fiscal year 2011/2012 General Fund expenditures and transfers out. No use of fund balance was budgeted for fiscal year 2012/2013 and no use of fund balance has been budgeted for fiscal year 2013/2014.

### **Budget Message Conclusion**

The annual budget process provides the community with the opportunity and means to review past accomplishments and identify collective goals and objectives for the future. The fiscal year 2013/2014 budget process began in August 2012. The energy, time and resources spent in the budget's creation will be reflected in products purchased and services delivered during the next year. Objectives established in years past have been met, revised or reaffirmed. New objectives have been adopted where appropriate.

Respectfully Submitted,



Brandon Robertson  
Town Manager